

Message Text

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ACTION AF-18

INFO OCT-01 ISO-00 XMB-07 EB-11 SS-20 COME-00 OPIC-12

TRSE-00 SPC-03 DRC-01 RSC-01 /074 W

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R 071522Z DEC 73

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 2015

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FOR ASSISTANT SECRETARY NEWSOM

E.O. 11652 N/A

TAGS: NI, EFIN, ETRN

SUBJECT: EXIMBANK-NIGERIA AIRWAYS DELINQUENCIES

REF: STATE 235679

1. FROM INNUMERABLE COMMUNICATIONS YOU KNOW THE FRUSTRATIONS WE HAVE MET TRYING TO BRING SOME ORDER OUT OF DISORDERLY NIGERIA AIRWAYS, WHOSE DELINQUENCIES DISTURB LAYMEN AS WELL AS BANKERS. WHILE I PERSONALLY ON OCCASION AND ECON REPEATEDLY HAVE EXPLAINED THE UNIQUE DISARRAY OF THE FMG ADMINISTRATIVE SYSTEM, I MUST ADMIT THAT THERE IS A LIMIT TO EXIM AND INDEED USG TOLERANCE. STILL, I REGRET AND LAMENT BUT CAN NOT CHALLENGE EXIM'S UNILATERAL DECISION TO SUSPEND DISBURSEMENTS.

2. THIS ACTION IS NOT LIKELY TO HASTEN NIGERIA AIRWAYS' PAYMENT OF DEBT, BUT EVEN IF IT DOES, WE WILL LOSE THE GOOD WILL OF THE DEBTOR. MORE IMPORTANT, HOWEVER, WILL BE THE IMMEDIATE EFFECT OF PENALIZING US SUPPLIERS AS MUCH OR MORE THAN NIGERIA. ACCORDING TO OUR CALCULATION EVEN CURRENTLY WE HAVE APPROXIMATELY 30 MILLIONS DOLLARS OF PRELIMINARY COMMITTED EXIM FINANCING TO SUPPORT CLOSE TO 60 MILLION DOLLARS OF US EXPORTS, INCLUDING PROPOSALS OF AT

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LEAST THREE OIL COMPANIES (ASHLAND OIL, GT&E, PAGE COMMUNICA-

TIONS, SAFRAP, ABATEX, TEXACO, GENERAL ELECTRIC, AND FISCHBACK AND MORE). IN THE LONGER RUN, THE ACTION COULD COMPROMISE OUR RELATIONS WITH THE FMG AND PREJUDICE THE CLIMATE OF OPPORTUNITY FOR US BUSINESS AND BANKING COMMUNITIES THAT THEY AND WE ARE WORKING TO CREATE. THE LOCAL CHASE MANHATTAN REPRESENTATIVE (PROJECT), THAT IS THE MAN ON THE SPOT, COMPLETELY CONCURS IN THIS ASSESSMENT.

3. IN THE LIGHT OF OUR READING OF REFTEL, THIS APPRAISAL IS PROBABLY GRATUITOUS, BUT I THINK THAT IT IS IMPORTANT THAT WE ALL BE AWARE OF THE FOREIGN POLICY AS WELL AS THE COMMERCIAL/ECONOMIC CONSEQUENCES OF THE ACTION.

4. MEANWHILE, WE ARE MAKING EVERY EFFORT CARRY OUT INSTRUCTIONS PAR. 5 REFTEL. THUS FAR WE HAVE MET USUAL NIGERIAN PROBLEM OF APPROPRIATE OFFICIALS, FRANCIS OBI AND ALHAJI ABUBAKAR, BEING "OFF SEAT" UNTIL WEEK OF DECEMBER 10, AT WHICH TIME WILL MAKE INSTRUCTED REPRESENTATION AND REPORT RESULTS. ONCE MORE I AM ALSO CALLING PROBLEM TO ATTENTION OF PERMANENT SECRETARIES ALLISON AYIDA AND JOE IYALLA, AGAIN WHEN THEY COME "ON SEAT."

5. IN THE DISTINCTIVE CLIMATE OF NIGERIA, I CAN NOT GUARANTEE THAT THE SUSPENSION OF DISBURSEMENT AND OUR NEXT IN LONG SERIES OF REPRESENTATIONS WILL EFFECT QUICK PAYMENT, BUT THE PROPOSED LETTER OF DEMAND IS MORE LIKELY TO BRING ULTIMATE REMORSE THAN IMMEDIATE PAYMENT.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AIRLINES, DEBT REPAYMENTS, BANK LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 07 DEC 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973LAGOS09769
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: LAGOS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731238/aaaabcah.tel
Line Count: 88
Locator: TEXT ON-LINE
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 235679
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 10 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10-Jan-2002 by boyleja>; APPROVED <31-Jan-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EXIMBANK-NIGERIA AIRWAYS DELINQUENCIES
TAGS: EFIN, ETRN, NI, XMB, NIGERIA AIRWAYS
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005